



State of New Jersey

DEPARTMENT OF THE TREASURY

DIVISION OF INVESTMENT

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JON S. CORZINE
Governor

R. DAVID ROUSSEAU
State Treasurer

June 1, 2009

MEMORANDUM TO: State Investment Council

FROM: William G. Clark
Director

A handwritten signature in black ink that reads "William G. Clark".

SUBJECT: **Placement Agents**

As we discussed at the State Investment Council meeting on May 21, 2009, we have prepared the attached listing of all alternative investment funds from the inception of the alternatives program in 2005, noting the placement agent used (if any) by the funds' general partner. This information was obtained from the required disclosure made by each general partner prior to our investment.

As you know, the role of placement agents in other funds around the country has come under intense scrutiny, particularly in those states whose pension funds are managed and/or overseen by elected trustees.

As you are also aware, New Jersey's investment program and policies are fundamentally distinct from other states' programs and policies. The State Investment Council in 2004 adopted regulations designed to insulate the State's investment program from the type of outside influences that are now under review in other states. Specifically, such regulations, adopted prior to the commencement of New Jersey's alternative investment program, prohibit investment managers, their managing partners, their investment professionals and their placement agents from contributing to any candidate for Governor or Legislature or any state party or political action committee.

The investment process for alternative investments designed by the State Investment Council provides for numerous levels of review. In addition to being approved by division staff and the division director, all alternative investments are reviewed by our independent investment consultants and the Investment Policy Committee of the Council. All alternative investments are also presented to the full Council in public session. Finally, Division staff and members of the Council must comply with the State's ethics rules, which preclude individuals from accepting entertainment, gifts, etc.

In the course of our review, we found that about 20 percent of the funds in our program (including private equity funds, hedge funds and real estate funds) reported using a placement agent. The role of such agents varies, from marketing and introductory services, to coordinating the process to conduct due diligence and closing on the fund. In some cases, the Division of Investment had interaction with the placement agent noted on the list; and in other cases, the Division had no interaction.

With respect to the attached placement agents list, please note the following. First, none of our general partners identified Searle (Hank Morris' alleged placement agent firm) as a placement agent for New Jersey's investment. There are other placement agents whose names have circulated in press accounts who were also not identified as a placement agent by any investment manager in connection with New Jersey's investments. Also, the placement agent identified by Quadrangle Group for New Jersey is The Monument Group, which we understand is the same placement agent utilized by Quadrangle for all other investors except for New York. Finally, no placement agent was identified by the Carlyle Group for any of our investments with that firm.

While I believe that our investment process and built-in ethics protections have served the pension fund well during this period, the allegations of inappropriate activity in New York and elsewhere should cause us to reevaluate our procedures pertaining to the use of placement agents by potential investment funds in our program. The State Investment Council indicated at its last meeting that it will review policy alternatives to promote additional transparency and avoid perceptions of inappropriate influence.

If you have any questions regarding the enclosed placement agent list, please do not hesitate to contact me.

WGC/lt

Attachment

Listing of New Jersey Alternative Investment Funds (Including Placement Agents Used by Funds)

REAL ESTATE	Fund Investment	SIC	Presentation	Inception Date	Amount of Original Commitment	Placement Agent	Placement Agent Name
	AEW Core Property Trust (U.S.), Inc.		Apr-07	Oct-07	\$ 100,000,000	NO	-
	ARA Asia Dragon Fund Limited		Jul-07	Sep-07	\$ 100,000,000	YES	Gilford Securities Inc
	Blackrock Diamond Property Fund, Inc.		Nov-05	Jun-06	\$ 50,000,000	NO	-
	Blackstone Real Estate Partners V L.P.		Feb-06	Feb-06	\$ 77,211,284	NO	-
	Blackstone Real Estate Partners VI, L.P.		Feb-07	Feb-07	\$ 100,000,000	NO	-
	Capmark Commercial Realty Partners II, L.P.		Feb-06	Mar-06	\$ 75,000,000	NO	-
	Capmark Commercial Realty Partners III, L.P.		Jul-07	Aug-07	\$ 50,000,000	NO	-
	Capmark UK Realty Partners, L.P.		Dec-06	Mar-07	\$ 47,934,035	NO	-
	Capri Urban Investors, L.P.		Apr-07	Sep-07	\$ 50,000,000	NO	-
	Carlyle Realty Partners V, L.P.		Nov-06	Feb-07	\$ 100,000,000	NO	-
	CB Richard Ellis Strategic Partners Europe Fund III US - TE, L.P.		Feb-07	May-07	\$ 53,924,773	NO	-
	CB Richard Ellis Strategic Partners US IV, L.P.		Nov-05	Dec-05	\$ 50,000,000	NO	-
	CB Richard Ellis Strategic Partners US Opportunity V, L.P.		Sep-07	Nov-07	\$ 75,000,000	NO	-
	CIM Fund III, L.P.		Apr-07	Jul-07	\$ 50,000,000	YES	LIATI Capital LLC & DAV Wetherly Financial
	CIM Urban REIT, LLC		Apr-06	Jun-06	\$ 50,000,000	YES	LIATI Capital LLC & DAV Wetherly Financial
	CPI Capital Partners Europe, L.P.		Mar-06	Nov-06	\$ 82,456,896	NO	-
	Five Mile Capital Partners II, L.P.		Oct-07	Dec-07	\$ 100,000,000	YES	Credit Suisse (NYC)
	Guggenheim Structured Real Estate II, L.P.		Feb-06	Mar-06	\$ 50,000,000	NO	-
	Guggenheim Structured Real Estate III, L.P.		Sep-07	Sep-07	\$ 100,000,000	NO	-
	Heitman America Real Estate Trust, L.P.		Nov-06	Jan-07	\$ 100,000,000	NO	-
	JPMorgan Alternative Property Fund Domestic II, L.P.		Dec-05	Mar-06	\$ 50,000,000	NO	-
	L&B Diversified Strategy Partners, L.P.		Sep-07	Mar-08	\$ 50,000,000	YES	Bercan Capital, Inc
	LaSalle Asia Opportunity Fund III L.P.		Jul-07	Oct-07	\$ 100,000,000	NO	-
	Lehman Brothers Real Estate Pension Partners III, L.P.		May-08	May-08	\$ 100,000,000	NO	-
	MacFarlane Urban Real Estate Fund II, L.P.		Jul-06	Jan-08	\$ 75,000,000	YES	CP Eaton & Co.
	NIDOI/GMAM CT High Grade Partners II, LP		May-08	May-08	\$ 500,000,000	NO	-
	NIDOI/ GMAM Opportunistic Real Estate Investment Program, L.P.		Sep-07	Jun-08	\$ 50,000,000	NO	-

Fund Investment	SIC Presentation	Inception Date	Amount of Original Commitment	Placement Agent	Placement Agent Name
NIDOI/GMAM Core Plus Real Estate Investment Program, L.P.	Sep-07	Jun-08	\$ 100,000,000	NO	-
PLA Residential Fund III, L.P.	Feb-08	Feb-08	\$ 50,000,000	NO	-
Prime Property Fund, LLC	Nov-06	Aug-07	\$ 150,000,000	NO	-
PRISA II	Dec-06	Jun-07	\$ 100,000,000	NO	-
PRISA Real Estate Separate Account	Sep-06	Dec-06	\$ 300,000,000	NO	-
RLJ Real Estate Fund III, L.P.	Jul-07	Aug-07	\$ 75,000,000	YES	Presidio Partners, LLC
RLJ Urban Lodging Fund II, L.P.	Jul-06	Sep-06	\$ 75,000,000	YES	Presidio Partners, LLC
RREEF Global Opportunities Fund II, LLC	Apr-06	Oct-06	\$ 100,000,000	NO	-
TA Associates Realty Fund VIII, L.P.	Jul-06	Aug-06	\$ 100,000,000	NO	-
The Realty Associates Fund IX, L.P.	Aug-08	Aug-08	\$ 100,000,000	NO	-
Tucker Development and Acquisition Fund, L.P.	Oct-07	Oct-07	\$ 50,000,000	NO	-
Walton Street Mexico Fund I, L.P.	Feb-08	Jun-08	\$ 25,000,000	NO	-
Walton Street Real Estate Fund V, L.P. - Side Car Fund	Nov-06	Dec-06	\$ 25,000,000	NO	-
Walton Street Real Estate Fund VI-Q, L.P.	Jul-07	Oct-07	\$ 75,000,000	NO	-
Walton Street Real Estate Partners V, L.P.	Mar-06	Jun-06	\$ 75,000,000	NO	-
Warburg Pincus Real Estate I, L.P.	Jul-06	Sep-06	\$ 100,000,000	NO	-
Westbrook Real Estate Fund VII, L.P.	Nov-06	Jan-07	\$ 40,000,000	NO	-
Westbrook Real Estate Fund VIII, L.P.	Feb-08	Feb-08	\$ 100,000,000	NO	-

Fund Investment	SIC Presentation	Inception Date	Amount of Original Commitment	Placement Agent	Placement Agent Name
PRIVATE EQUITY					
Oak Hill Capital Partners II, LP	Jun-05	15-Jul-05	\$ 75,000,000	YES	CSFB
Quadrangle Capital Partners II, LP	Jun-05	8-Aug-05	\$ 50,000,000	YES	Monument Group
Warburg Pincus Private Equity IX, LP	Jun-05	2-Aug-05	\$ 200,000,000	NO	
Apollo Investment Fund VI, LP	Jul-05	17-Nov-05	\$ 100,000,000	YES	ARVCO Capital Research
Blackstone Capital Partners V	Jul-05	14-Oct-05	\$ 100,000,000	NO	
CSFB/NJDI Investment Fund L.P. (2005-1 Series)	Aug-05	16-Nov-05	\$ 200,000,000	NO	
Goldman Sachs Private Equity Partners (NJ), L.P.	Aug-05	28-Feb-06	\$ 200,000,000	NO	
NIHL European Buyout Investment Fund, Series A, L.P.	Aug-05	10-Feb-06	\$ 200,000,000	NO	
Avenue Special Situations Fund IV, L.P.	Oct-05	9-Nov-05	\$ 20,000,000	YES	Diamond Edge
SONJ Private Opportunities Fund, L.P.	Oct-05	26-Sep-06	\$ 100,000,000	NO	
InterMedia Partners VII, LP	Nov-05 / Mar-07	21-Dec-05	\$ 75,000,000	YES (1)	CSFB
JLL Partners Fund V, LP	Nov-05	19-Dec-05	\$ 50,000,000	YES	CSFB
Black Diamond Opportunity Fund II	Dec-05	24-Feb-06	\$ 40,000,000	YES	C.P. Eaton
Wayzata Opportunities Fund, LLC	Dec-05	17-Feb-06	\$ 40,000,000	YES	Park Hill Group L.L.C.
JP Morgan Venture Capital Inst'l Investors III, LLC	Feb-06	28-Jun-06	\$ 50,000,000	NO	
OCM Mezzanine II, LP	Feb-06	24-Mar-06	\$ 50,000,000	NO	
Madison Dearborn Partners (MDCP V)	Mar-06	5-May-06	\$ 125,000,000	NO	
Texas Pacific Group Partners V	Mar-06	25-Sep-06	\$ 250,000,000	NO	
Blackstone Mezzanine Partners II	Apr-06	28-Apr-06	\$ 45,000,000	NO (2)	
Carlisle Mezzanine Partners	Apr-06	15-May-06	\$ 50,000,000	NO	
Lexington Capital Partners VI	May-06	29-Jun-06	\$ 50,000,000	NO	
Lindsay Goldberg & Bessemer II	May-06	14-Jul-06	\$ 100,000,000	NO	
Partners Group Secondary 2006	May-06	29-Sep-06	\$ 50,696,000	YES	C.P. Eaton
Centerbridge Partners	Jun-06	30-Jun-06	\$ 80,000,000	NO	
DLJ Merchant Banking Partners IV	Jun-06	30-Jun-06	\$ 50,000,000	NO	
GTCC Partners IX	Jun-06	19-Sep-06	\$ 70,000,000	YES	Lazard Freres & Co.
MHR Institutional Partners III	Jun-06	31-May-07	\$ 75,000,000	NO	

Fund Investment	SIC	Presentation	Inception Date	Amount of Original Commitment	Placement Agent	Placement Agent Name
Warburg Pincus Private Equity VIII, LP (Secondary)		Jun-06	30-Jun-06	\$ 25,750,000	NO (3)	
Avenue Asia Special Situations IV		Jul-06	10-Aug-06	\$ 40,000,000	YES	Diamond Edge
CSEB/NJDI Investment Fund, L.P. (2006-1 Series)		Jul-06	7-Sep-06	\$ 250,000,000	NO	
Onex Partners II		Jul-06	2-Aug-06	\$ 100,000,000	NO	
Gleacher Mezzanine II		Aug-06	6-Nov-06	\$ 40,000,000	YES	Probitas Fund Group
Lehman Crossroads Fund XVIII VC fund		Aug-06	7-Nov-06	\$ 50,000,000	NO	
Andax Mezzanine II		Sep-06	1-Nov-06	\$ 50,000,000	NO	
NIHL European Buyout Investment Fund, Series B, L.P.		Nov-06	3-Apr-07	\$ 200,000,000	NO	
Hellman & Friedman Capital Partners VI		Dec-06	17-Apr-07	\$ 100,000,000	NO	
Newstone Capital Partners		Dec-06	23-Feb-07	\$ 50,000,000	YES	Pinnacle Trust Partners
CS/NJDI Emerging Opportunities Fund, L.P.		Jan-07	26-Apr-07	\$ 100,000,000	NO	
Fairview Capital Partners - Sep. Acct. (2 yrs.)		Jan-07	11-May-07	\$ 100,000,000	NO	
Silver Lake Partners III		Jan-07	31-Jan-07	\$ 100,000,000	NO	
TPG STAR		Feb-07	14-Mar-07	\$ 100,000,000	NO	
Court Square Capital Partners II		Mar-07	8-Jun-07	\$ 100,000,000	YES	UBS/Nikko Securities
Goldman Sachs Private Equity Partners (NI) II, L.P.		Mar-07	13-Jul-07	\$ 200,000,000	NO	
Lehman Brothers - New Jersey Direct Investment Fund		Mar-07	17-Aug-07	\$ 100,000,000	NO	
Mallin-Patterson Global Opportunities Partners III, LP		Apr-07	28-Jun-07	\$ 100,000,000	NO	Lazard Freres & Co.
THL Equity Fund VI		Apr-07	27-Apr-07	\$ 75,000,000	NO	
Avenue Special Situations Fund V, LP		Apr-07 / Sep 07	4-May-07	\$ 200,000,000	YES	Diamond Edge
KPS Special Situations Fund III		Apr-07	18-May-07	\$ 25,000,000	NO	
Vista Equity Partners Fund III		May-07	26-Jul-07	\$ 100,000,000	YES	Diamond Edge
New Mountain Partners III		May-07	23-Jul-07	\$ 100,000,000	NO	
Sheridan Production Partners I-B		Jul-07	3-Aug-07	\$ 50,000,000	NO	
Warburg Pincus Private Equity X		Sep-07	5-Oct-07	\$ 400,000,000	NO	
Oak Hill Capital Partners III, LP		Sep-07	22-Oct-07	\$ 250,000,000	YES	CSEB
TPG -TAC 2007 Fund (loan fund)		Sep-07	5-Oct-07	\$ 100,000,000	NO	
Oaktree Loan Fund		Sep-07	11-Oct-07	\$ 200,000,000	NO	
WLR Recovery Fund IV		Oct-07	14-Nov-07	\$ 100,000,000	NO	

Fund Investment	SIC	Presentation	Inception Date	Amount of Original Commitment	Placement Agent	Placement Agent Name
Wayzata Opportunities Fund II, LLC		Nov-07	14-Dec-07	\$ 100,000,000	YES	Park Hill Group L.L.C.
NJ Asia Investors Fund I		Nov-07	11-Jan-08	\$ 100,000,000	NO	C.P. Eaton
SONJ Private Opportunities Fund II, L.P.		Nov-07	4-Jan-08	\$ 200,000,000	NO	
SONJ Private Opportunities Side Car Fund, L.P.		Nov-07	28-Feb-08	\$ 200,000,000	NO	
Carlyle Mezzanine Partners II		Dec-07	22-Feb-08	\$ 75,000,000	NO	
The Resolute Fund II		Dec-07	28-Dec-07	\$ 100,000,000	YES	Credit Suisse Securities
Tenaska Power Fund II (TPF II), LP		Feb-08	19-Sep-08	\$ 100,000,000	YES	Lehman Brothers, PE, Marketing Group
AnaCap Financial Partners Fund II		Mar-08	20-May-08	\$ 125,000,000	YES	Credit Suisse Securities
NHHL European Buyout Investment Fund, Series C, L.P.		Mar-08	24-Mar-08	\$ 200,000,000	NO	
CS/NJDI Emerging Opportunities Fund II, L.P.		Mar-08	16-Apr-08	\$ 200,000,000	NO	
CSFB/NJDI Investment Fund, L.P. (2008-1 Series)		Mar-08	16-Apr-08	\$ 200,000,000	NO	
JLL Partners Fund VI, LP		May-08	30-Jun-08	\$ 150,000,000	YES	CSFB
GSO Opportunities Fund (Mezz)		May-08	11-Jul-08	\$ 100,000,000	NO(2)	
TPG Partners VI		May-08	12-Aug-08	\$ 360,000,000	NO	
TPG Financial Partners		May-08	20-Aug-08	\$ 75,000,000	NO	
HIG Bayside Debt & LBO Fund II		May-08	27-May-08	\$ 100,000,000	NO	
Fairview Capital Partners II- Sep. Acct. (2 yrs.)		Jun-08	26-Sep-08	\$ 100,000,000	NO	
Lehman Secondary Opportunities Fund II		Jul-08	1-Aug-08	\$ 100,000,000	NO	
Lindsay Goldberg III		Jul-08	30-Jul-08	\$ 200,000,000	NO	
Partners Group Secondary 2008		Sep-08	31-Oct-08	\$ 75,000,000	NO	
Welsh Carson Anderson Stowe XI		Sep-08	17-Oct-08	\$ 100,000,000	NO	
Onex Partners III		Nov-08	26-Dec-08	\$ 100,000,000	NO	

HEDGE FUNDS

Angelo Gordon Garden Partners		Jan-06	Mar-06	\$ 150,000,000	NO	
AG Diversified Credit		Sep-07	Oct-07	\$ 150,000,000	NO	
Ascend		Apr-07	Jul-07	\$ 75,000,000	NO	
Asian Century Quest		May-08	Aug-08	\$ 75,000,000	NO	

Fund Investment	SIC Presentation	Inception Date	Amount of Original Commitment	Placement Agent	Placement Agent Name
Arden	Feb-06	Jun-06	\$ 100,000,000	NO	
Barclay Global Investors	Jan-06	Jun-06	\$ 100,000,000	NO	
BlackRiver	Mar-07	Aug-07	\$ 100,000,000	NO	
BlackRock Credit Investor	Sep-07/ Oct-09	Oct-07	\$ 544,000,000	NO	
BlackStone EM	Apr-07	Jun-07	\$ 100,000,000	NO	
BlackStone PO	Apr-07	Jun-07	\$ 100,000,000	NO	
Canyon Value Fund	Mar-07	Jun-07	\$ 75,000,000	NO	
Canyon Credit Oppt	Sep-07	Sep-07	\$ 149,500,000	NO	
CenterBridge	Oct-07	Oct-07	\$ 100,000,000	NO	
Davidson Kempner	Nov-06	Dec-06	\$ 100,000,000	NO	
Glenview Capital	Jul-07	Aug-07	\$ 75,000,000	NO	
Golden Tree Mast Fund LP	Nov-06	Jan-07	\$ 100,000,000	NO	
Golden Tree Credit Oppt B to D	Sep-07	Sep-07	\$ 149,500,000	NO	
Goldman Sachs	Feb-06	Aug-06	\$ 300,000,000	NO	
Farallon Partners	Apr-07	Jun-07	\$ 150,000,000	NO	
Intrepid Cap Fund	Feb-07	Apr-07	\$ 75,000,000	NO	
Ironbound Partners Overseas\	Jun-08	Aug-08	\$ 75,000,000	NO	
King Street LP	Nov-06	Feb-07	\$ 100,000,000	NO	
Knight Vinke	Mar-08	Jun-08	\$ 100,000,000	YES	XT Capital
Level Global	Dec-07	Feb-08	\$ 75,000,000	NO	
Marathon	Mar-08	Jul-08	\$ 100,000,000	NO	
Omega Overseas Class B	Dec-06	Jan-07	\$ 75,000,000	NO	
OZ Partners II	Jan-06	Jun-06	\$ 150,000,000	NO	
Pendigon	Dec-07	Feb-08	\$ 75,000,000	NO	
PIMCO	Oct-07	Oct-07	\$ 113,000,000	NO	
Protégé	Apr-07	Jun-07	\$ 150,000,000	NO	
RockCreek	Jun-09	Jun-09	\$ 250,000,000	NO	
Satellite Fund	Feb-07	Apr-07	\$ 100,000,000	NO	
Wellington	Jan-06	Jun-06	\$ 150,000,000	NO	

Fund Investment	SIC Presentation	Inception Date	Amount of Original Commitment	Placement Agent	Placement Agent Name
York Capital Class C	Jan-07	Feb-07	\$ 100,000,000	NO	

NOTES

- (1) Fund also listed Shelbourne Securities LLC as a placement agent on their Disclosure Report of Political Contributions for this investment. According to Intermedia, Shelbourne was a consultant retained by Intermedia, but Shelbourne had no role in marketing to New Jersey and received no fees linked to New Jersey's investment. DOI is unaware of any interaction between Shelbourne and any DOI employee.
- (2) Fund listed Park Hill Group L.L.C. as a placement agent on their Disclosure Report of Political Contributions for this investment. Park Hill Group is a wholly-owned subsidiary of The Blackstone Group, which is the parent of the general partner entity for this investment.
- (3) Investment was obtained in a secondary market transaction.